GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:871
ANSWERED ON:22.11.2002
DECLINE IN FDI INFLOW
PRABHA RAU;SURESH CHANDEL

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether FDI inflow in the country has declined steadily since 1997 inspite of the fact that Government have taken a number of steps to encourage the FDI inflow ;

(b) if so, whether India now falls in eight position in the 15th positions as indicated in the report of the Global Consultancy A.T. Kearney;

(c) if so, the decline in FDI observed since 1997 onward upto date against the target fixed, if any year-wise;

(d) the reasons for shortfall in FDI inflow; and

(e) the manner in which Government propose to attract foreign investors so as to regain the lost ground?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN SINGH)

(a) to (e) : The amount of inflow has generally indicated an increasing trend except in the year 1998. The year-wise Foreign Direct Investment (FDI) inflows from 1997 to 2002 (upto August) are as under :

Amount Rupees in crore

Year	1997	1998	1999	2000	2001	2002 (Jan-Aug)
Inflow	16,425.33	13,339.84	16,867.79	19,341.74	19,265.10	14,434.58

+ The above figures include ADRs/ GDRs & pending advance

There is no target fixed for FDI inflow.The Government of India is makingcontinuous efforts to make India an attractive destination for FDI in region byproviding an internationally competitive investment climate in terms of policy framework, factors and institutions. The FDI policy is reviewed continuously to makeit more investor friendly. In order to increase FDI, the Government has permittedaccess through the automatic route for FDI upto 100% in most activities

However, the investment decisions are dependent upon the commercial judgment of the investors which depend on the availability of adequate and dependable infrastructure facilities such as power, develop land, etc. , and incentives and subsidies provided by State Government for attracting investment into the States and UTs.